



LARGE BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

Public Disclosure

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Community Reinvestment Act Performance Evaluation

**Johnson Bank Arizona, N.A.
Charter Number: 18684**

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Office of the Comptroller of the Currency

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NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, and should not be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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Overall CRA Rating

Institution’s CRA Rating: This institution is rated **Satisfactory**.

The following table indicates the performance level of **Johnson Bank Arizona, N.A.** with respect to the Lending, Investment, and Service Tests:

Performance Levels	Johnson Bank Arizona, N.A. Performance Tests		
	Lending Test*	Investment Test	Service Test
Outstanding		X	
High Satisfactory	X		X
Low Satisfactory			
Needs to Improve			
Substantial Noncompliance			

* The lending test is weighted more heavily than the investment and service tests when arriving at an overall rating.

The major factors that support this rating include:

- JBAZ’s performance under the lending test is good. In addition, the bank provided a high level of community development loans which represent an excellent responsiveness to a significant need in its assessment area. JBAZ also offers flexible affordable housing loans through its involvement with three affordable housing providers and occasionally uses innovative loan programs to help provide affordable housing.
- JBAZ provided an excellent level of investments in the Phoenix-Mesa MSA. Investments are not innovative but are highly responsive to a significant need in the assessment area.
- JBAZ’s service delivery systems provide reasonable access to geographies and individuals of different income levels, including LMI. Distribution of branches in the assessment area is adequate. The level of community development services is excellent.

Definitions and Common Abbreviations

The following terms and abbreviations are used throughout this performance evaluation. The definitions are intended to provide the reader with a general understanding of the terms, not a strict legal definition.

Affiliate - Any company that controls, is controlled by, or is under common control with another company. A company is under common control with another company if the same company directly or indirectly controls both companies. A bank subsidiary is controlled by the bank and is, therefore, an affiliate.

Block Numbering Area (BNA) - Statistical subdivisions of counties in which census tracts have not been established. The U.S. Census Bureau has established BNAs in conjunction with state agencies.

Census Tract (CT) - Small, locally defined statistical areas within metropolitan statistical areas. These areas are determined by the U.S. Census Bureau in an attempt to group homogenous populations. A CT has defined boundaries per ten-year census and an average population of 4,000.

Community Development (CD) - Affordable housing for low- or moderate-income individuals; community services targeted to low- or moderate-income individuals; activities that promote economic development by financing businesses or farms that meet the size eligibility standards of the Small Business Administration's Development Company or Small Business Investment Company programs (13 CFR 121.301) or have gross annual revenues of \$1 million or less; or, activities that revitalize or stabilize low- or moderate-income geographies.

Community Reinvestment Act (CRA) - The statute that requires the OCC to evaluate a bank's record of meeting the credit needs of its local community, consistent with the safe and sound operation of the bank, and to take this record into account when evaluating certain corporate applications filed by the bank.

Full-Scope Review - Performance under the lending, investment, and service tests is analyzed considering fully understood performance context, quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution) and qualitative factors (e.g., innovation, complexity).

Geography - A census tract or a block numbering area delineated by the U.S. Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA) - The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants, the amount of loan requested, and the disposition of the application (e.g., approved, denied, withdrawn).

Home Mortgage Loans - Such loans include home purchase and home improvement loans, as defined in the HMDA regulation. This definition also includes multifamily (five or more families) dwellings loans, loans for the purchase of manufactured homes and refinancing of home improvement and home purchase loans.

Limited-Scope Review - Performance under the lending, investment, and service Tests is analyzed using only quantitative factors (e.g., geographic distribution, borrower distribution, total number and dollar amount of investments, branch distribution).

Low-Income - Income levels that are less than 50 percent of the median family income.

Median Family Income (MFI) - The median income determined by the U.S. Census Bureau every ten years and used to determine the income level category of geographies. Also, the median income determined by the Department of Housing and Urban Development annually that is used to determine the income level category of individuals. For any given area, the median is the point at which half of the families have income above it and half below it.

Metropolitan Statistical Area (MSA) - Area defined by the director of the U.S. Office of Management and Budget. MSAs consist of one or more counties, including large population centers and nearby communities that have a high degree of interaction.

Middle-Income - Income levels that are at least 80 percent and less than 120 percent of the MFI.

Moderate-Income - Income levels that are at least 50 percent and less than 80 percent of the MFI.

Small Loans to Businesses - Loans with original amounts of \$1 million or less that are: (1) secured by non-farm nonresidential properties; or (2) commercial and industrial loans to U.S. addresses.

Small Loans to Farms - Loans with original amounts of \$500,000 or less that are: (1) secured by farmland; or (2) to finance agricultural production and other loans to farmers.

Tier 1 Capital - The total of common shareholders' equity, perpetual preferred shareholders' equity with non-cumulative dividends, retained earnings and minority interests in the equity accounts of consolidated subsidiaries.

Upper-Income - Income levels that are 120 percent or more of the MFI.

Description of Institution

Johnson Bank Arizona, N.A. (JBAZ), previously known as Biltmore Investors Bank, N.A. is a four branch, intrastate bank headquartered in northern Phoenix, Arizona and serves the Phoenix-Mesa MSA. Beside the headquarters branch, there are two branches in Scottsdale and one in Mesa that opened May 2001. JBAZ has a bank wide staff approximating 70 employees. At year-end December 31, 2000, JBAZ had net earnings of \$3.6 million on total assets of \$308 million. Earnings performance equaled a return on average assets of 1.25 percent. Tier one capital at year-end 2000 was \$20 million or 7 percent of total assets. Gross loans totaled \$229 million or 74 percent of total assets.

JBAZ is a wholly-owned subsidiary of Johnson International, Inc. (JII), based in Racine, Wisconsin. Besides numerous banking subsidiaries located predominately in Wisconsin and Arizona, JII also controls insurance, investment, trust, asset management, property management, and commercial leasing entities. Additionally, JII controls a private bank in Switzerland and an offshore banking facility in the Grand Cayman Islands. At December 31, 2000, JII reported net income of \$15.5 million on total assets of \$1.9 billion.

The bank offers a full range of commercial and retail loans. A breakdown of loans reflects \$175 million (76 percent) in commercial and residential real estate loans, \$48 million (22 percent) in commercial loans, and \$4 million (2 percent) in loans to individuals. The bank's primary business strategy is to focus on customers with loan needs of \$500 thousand or more and/or deposits of \$200 thousand or more. This would include small to large sized family businesses and the high-end mortgage market of north Scottsdale.

Other than the JBAZ's smaller size in relation to the substantially larger competing banks, there are no legal, financial, or other factors impeding the bank's ability to help meet the credit needs of the Phoenix-Mesa assessment area. However, it is important to note that the bank also has significant competition from credit card banks, which compete for community development investments and services in the assessment area.

The bank was rated Satisfactory at the last Community Reinvestment Act examination performed as of January 30, 1997.

Scope of the Evaluation

Evaluation Period/Products Evaluated

We evaluated JBAZ's CRA performance using the Large Bank Tests in the revised CRA regulation. For the lending test we considered loan originations beginning January 1, 1999, to December 31, 2000. We did not review 1997 and 1998 loan originations because the bank did not have the data readily available in digital format for our analysis. As noted below, based on a review of 1999 CRA data we did not believe we could place a high degree of reliability on 1997 and 1998 CRA data. Through discussions with management, we believe that an analysis of the 1999 and 2000 loan data is a fair representation of loans originated during the entire period. For community development loans,

investments and services, our evaluation period runs from the ending date of the last CRA examination, which is February 1, 1997, through June 4, 2001.

Market comparisons for HMDA and small business lending are based on 1999 peer data. This is the most recent data available at the time of this evaluation.

We gave the greatest weight to small business loans because this has been the bank's strategic focus. Small business loans are also identified as a need in the bank's assessment area. Although home mortgage lending is not a major product line for the bank, we also gave significant weight to home purchase lending because a majority of the HMDA lending consists of affordable housing loans for LMI individuals. The bank is involved in three affordable housing loan programs; 78 percent of the reported home mortgage loans for 1999 and 2000 represent loans originated under these programs. Community groups identified affordable housing loans as a significant need in the assessment area.

For the Investment and Service Tests, we evaluated investments and donations; retail services, including branch distribution and accessibility; and community development services.

Data Integrity

We performed a data integrity examination in May 2000 by reviewing a sample of 1999 HMDA and CRA data. We reviewed the accuracy of the bank's community development loans, qualified investments, and community development services during the current CRA examination.

We did not identify any errors in the HMDA data. The CRA data contained some significant errors with an error rate that exceeded 10 percent. Publicly reported CRA data for 1997 and 1998 may also contain significant errors and may not be reliable. While publicly reported 1999 CRA data is not accurate, the bank corrected the data for our analysis and also corrected its procedures for reporting CRA data to ensure that the type of loans that were incorrectly reported, were not reported in the future. In addition, it is important to note that the bank underreported CRA loans because during the review period, management did not report lines of credit which came up for annual renewal. Management calculated that approximately 45 percent of the bank's CRA loans consist of lines of credit. A review of lines of credit reported first quarter 2001, indicates the distribution mirrors that of the CRA loans we analyzed during this examination. We believe the data we analyzed is a fair representation of the bank's lending performance.

Selection of Areas for Full-Scope Review

The bank operates in only one assessment area. Our analysis consists of a full-scope review of this assessment area.

Ratings

The bank's overall rating is based on a full-scope review of the assessment area.

Other

We reviewed seventeen community contacts with small business organizations and non-profit affordable housing providers performed by the OCC and various other banking regulatory agencies. In summary, eight of the contacts were affordable housing providers, three were small business providers, three focused on economic development, and three focused on providing both affordable housing and small business loans. The contacts indicated that community development needs in the Phoenix-Mesa MSA are similar to those throughout the country. These revolve around affordable housing and small businesses.

Affordable housing needs range from affordable rental properties to affordable properties available for purchase by LMI families. Community development needs include affordable home purchase loans for LMI individuals, subsidies for down payment assistance and closing costs, and innovative and flexible construction and renovation loans for affordable single and multi-family housing. In some parts of the city of Phoenix, FHA loans are not available. Sovereignty issues have limited lending on the local Indian reservations. Affordable housing developers have problems meeting the market driven terms offered by some of the banks and local intermediaries. And, land acquisition is growing increasingly difficult with the growth of retirement and other planned communities. New housing units increased almost 23 percent between 1990 and 1998; however, this growth has occurred mainly in the high-income household category. Fewer than 6 percent of new homes sold for \$95 thousand or less. Rents are also rising twice as fast as incomes. Affordable housing providers indicate that affordable housing is an impending crisis.

Small business needs are the same as in other parts of the state and country. There is a need for micro loans for very small businesses and start-up small business loans. Currently, there is only one SBA micro-lender operating in the area. Start-up loans are only available through the SBA, and require a substantial equity injection. Technical assistance remains an ongoing need for small business owners. Some intervention has been provided by the local Service Core of Retired Executives (SCORE) chapters, and by the local Small Business Development Corporations (SBDCs). However, many small business owners still need education and counseling regarding management of credit card debt and preparing business plans.

Fair Lending Review

The OCC performed an analysis of 1999 HMDA and small business lending data, public comments and consumer complaint information in accordance with its risk based fair lending approach. Based on its analysis of the information, the OCC decided that a comprehensive fair lending examination would not need to be conducted in connection with the CRA evaluation this year. The latest comprehensive fair lending exam was performed in 1997.

Conclusions with Respect to Performance Tests

LENDING TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the lending test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Phoenix-Mesa MSA is good.

Lending Activity

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's lending activity. Lending levels reflect good responsiveness to the credit needs of the assessment area relative to the bank's deposits. Based on dollar volume, the bank's market share for loans compares very favorably to its market share for deposits. JBAZ has a deposit market share of 0.68 percent and ranks thirteenth. In comparison, the bank has a small business market share, based on number of loans, of 0.51 percent and ranks fourteenth. However, the average loan size for the bank is higher than the average loan size for all institutions combined because the bank competes with several credit card lenders in the assessment area, which make a significantly larger volume of loans with an average loan size ranging from \$2,000 to \$11,000. The bank's market share based on dollar volume is 2.24 percent, demonstrating that the bank is investing a high dollar volume of small business loans in its assessment area. The bank ranks eighth based on dollar volume of small business loans originated in the assessment area. Outside of the affordable housing market, the bank is not a significant home mortgage lender and does not have a measurable market share in its assessment area.

Distribution of Loans by Income Level of the Geography

Home Mortgage Loans

Refer to Tables 2, 3 and 4 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's home mortgage loan originations and purchases. Our analysis of the geographic distribution of home mortgage loans focuses only on home purchase loans. The bank does not originate home improvement loans and originated only a few of home refinance loans, primarily to accommodate existing customers. We did not analyze home refinance lending because the number of loan originations is too small to provide a meaningful analysis. Further, the bank does not have a measurable market share for home refinance loans in any type of census tract in its assessment area. Data indicates the geographic distribution of home purchase loans is excellent in both low- and moderate-income census tracts. The percentage of loans in low-income census tracts significantly exceeds demographics and in moderate-income census tracts the percentage of loans is well above demographics. Market share data indicates the bank has a measurable market share for home purchase loans only in low- and moderate-income census tracts.

Small Loans to Businesses

Refer to Table 5 in Appendix C for the facts and data used to evaluate the geographic distribution of the bank's origination/purchase of small loans to businesses. The geographic distribution of small loans to businesses in low-income census tracts is excellent; it significantly exceeds demographics. The geographic distribution in moderate-income census tracts is good; it nearly meets demographics. Market share in low-income census tracts significantly exceeds overall market share; in moderate-income census tracts it meets overall market share.

Lending Gap Analysis

Our geographic distribution analysis included a review for any lending gaps in the assessment area, particularly in LMI areas. We did not identify any unexplained conspicuous gaps in the bank's lending activity.

Inside/Outside Ratio

We calculated the inside/outside ratio at the bank level. JBAZ originated a substantial majority of home mortgage and small business loans in its assessment area. The bank originated 93 percent of its home purchase loans, 92 percent of its home refinance loans, and 99 percent of its small business loans in the assessment area.

Distribution of Loans by Income Level of the Borrower

Home Mortgage Loans

Refer to Tables 7, 8, and 9 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's home mortgage loan originations and purchases. We did not analyze borrower distribution for home refinance loans because the number of loan originations is too small to provide a meaningful analysis. The bank originates these loans, primarily as an accommodation to its customers. The bank did not originate any home improvement loans. Data indicates excellent distribution of home purchase loans to both low- and moderate-income borrowers. The percentage of loans to low-income borrowers exceeds demographics; and the percentage of loans to moderate-income borrowers substantially exceeds the demographics. The bank does not have a measurable market share in any category based on borrower income.

Small Loans to Businesses

Refer to Table 10 in Appendix C for the facts and data used to evaluate the borrower distribution of the bank's origination/purchase of small loans to businesses. The distribution of loans to businesses of different sizes is adequate. The bank made 38 percent of its reportable business loans to small businesses (businesses with gross annual revenues of \$1 million or less). This is significantly below the demographics. However, it is important to note that the bank's business loan portfolio is characteristic of the bank's market niche. The bank targets business customers who have loan needs of \$500 thousand or more and/or deposits of \$200 thousand or more. In addition, a number of the bank's loans to small businesses are loans which are not reportable because they are secured by residential real estate. During 1999, the bank made 14 loans to small businesses which were not reportable because they were secured by residential real estate. While this slightly improves the ratio, loans to small businesses are still well

below demographics. Market share for small business loans nearly meets overall market share; however, both are less than 1 percent.

Community Development Lending

Refer to Table 1 in Appendix C for the facts and data used to evaluate the bank's level of community development lending. The bank has a high level of community development loans, which demonstrates excellent responsiveness to one of the significant needs in its assessment area. During the review period, the bank originated seven community development loans totaling \$1.4 million. This represents 7 percent of Tier 1 capital. All the loans helped provide affordable housing for low- and moderate-income individuals in low- and moderate-income census tracts. Community development loans include the some of the following:

- \$547 thousand provided funds to renovate and convert a motel into a 38-unit apartment complex. The building provides affordable housing for low- and moderate-income single parent families.
- \$193 thousand provided funds to renovate a 12-unit apartment complex in a low-income census tract. Rents will range from \$250 to \$500 per month based on the size of the apartment and represent affordable rental rates in this assessment area.
- \$148 thousand provided funds to renovate an 8-unit apartment complex located in a low-income census tract. All units are furnished and provide affordable housing for very low, low, and moderate-income families.
- \$91 thousand provided funds to renovate a 5-unit apartment complex. The apartment complex is located in a moderate-income census tract and based on the rental rates provides affordable housing for low- and moderate-income families. The units are currently leased to very low-, low-, and moderate-income families.
- \$90 thousand helped provide funds to renovate a 5-unit apartment complex. The apartment is located in a low-income census tract. All units are furnished and based on the rental rates, the project provides affordable housing for low- and moderate-income families.

Product Innovation and Flexibility

The bank offers flexible affordable housing loans through its involvement with three affordable housing organizations. The loans require a lower down payment, offer below market rates, and fees may be waived depending on the circumstances of the borrower. During the review period, the bank originated 63 affordable housing loans totaling over \$4 million.

During this review the bank was involved in an innovative loan venture with an individual whose purpose is to rehabilitate single family residences in low- and moderate-income areas and then sell them to LMI individuals. The bank provided the line of credit. After the individual has renovated and sold the homes, he will assign the note and deed of trust to the bank, but will carry the note in his name since the owner anticipates the individual homeowners will not qualify for credit in their own names.

INVESTMENT TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the investment test is rated "Outstanding". Based on full-scope reviews, the bank's performance in the Phoenix-Mesa MSA is excellent.

Refer to Table 12 in Appendix C for the facts and data used to evaluate the bank's level of qualified investments. During the review period, the bank had almost \$1.7 million in qualified community development investments and grants. In addition, the bank had a prior period investment for \$50 thousand in a multi-bank CDC and binding investment commitments of \$37 thousand and \$250 thousand. This is considered a high level of investments in view of the competition for qualified community development investments and the bank's size relative to competing financial institutions in the assessment area. The prior period investment helps provide financial and technical assistance for the advancement of small businesses, LMI housing, and local economic development. The \$250 thousand binding commitment to invest in a loan pool, will consist of mortgage loans to LMI families in the AA. This will be funded in July 2001. The bank's total investments, excluding the commitments, equal 8 percent of Tier 1 capital. Current period investments primarily consist of the following:

- \$1 million investment in a mortgage loan pool, which consists of 12 home mortgage loans to LMI families in the bank's AA.
- \$500 thousand in certificates of deposit in two credit unions which target LMI areas and individuals. The deposits helped fund lending programs to LMI families.
- \$100 thousand commitment in a pool which assists LMI buyers with down payments, closing costs, and home improvement funds. As of January 2001, the bank had funded \$62,512 of this commitment. The bank has a remaining binding commitment of \$37,488.

While the investments are not innovative, a majority are highly responsive to a significant need in the assessment area, which is the provision of affordable housing and financing for affordable housing.

SERVICE TEST

Conclusions for Areas Receiving Full-Scope Reviews

The bank's performance under the Service Test is rated "High Satisfactory". Based on a full-scope review, the bank's performance in the Phoenix-Mesa MSA is good.

JBAZ's branch delivery systems are reasonably accessible to geographies and individuals of different income levels in the Phoenix-Mesa MSA. In addition, the bank provided an excellent level of community development services that benefited its AA. Branch distribution received the most weight in rating the bank's performance under the service test.

Retail Banking Services

Refer to Table 13 in Appendix C for the facts and data used to evaluate the distribution of the bank's branch delivery system and branch openings and closings. JBAZ does not have any branches in either low- or moderate-income census tracts. However, data indicates that only 5 percent of the population resides in low-income census tracts. Further, the main branch and a branch opened during the review period are adjacent to moderate-income census tracts. Both of the branches are in middle-income census tracts. The proximity of the branches to moderate-income areas helps provide reasonable access to residents in nearby LMI areas. Banking hours and services do not vary significantly at the different branches.

JBAZ offers other alternative delivery systems such as Bank-by-Mail, Bank-by-Phone, and Internet online banking. The bank does not have information available to determine if these services are an effective alternative for providing banking services to LMI individuals or geographies. These services received no weight in determining the bank's overall performance.

Community Development Services

JBAZ's level of community development services in the Phoenix-Mesa MSA is excellent.

The bank provided community development services to seven local community development organizations. This represents significant employee time spent providing community development services. These include the following:

- During the past three years, three bank employees spent one to two days per month serving as mortgage loan processors for an affordable housing organization. Bank staff also helped with the set-up of existing and new mortgage loan programs. An officer of the bank served as a liaison and an originating officer for mortgage loans. And after the transfer of the production manager, the officer assisted the organization until the position was filled.
- During the past four years, two commercial loan officers spent 1-4 hours weekly reviewing credit applications at a credit union which serves LMI individuals. In addition, the loan officers assisted the credit union with the preparation of the loan policy and loan marketing programs.
- During the past four years a bank employee assisted with annual fundraising efforts for a community development organization which helps provide affordable housing.
- Bank employees chaired fundraising committees for four community development organizations which provide services for LMI individuals.

In addition, the bank is a sponsor for two Federal Home Loan Bank (FHLB) affordable housing projects. The bank is responsible for monitoring the funds for renovation of two multi-family affordable housing units. Because the projects consist of apartments, bank management is committed to ensuring appropriate use of the funds for the subsidy period of 15 years. The two projects consist of the following:

- A 25-unit apartment complex for Native American homeless families with small children, where one or more adults is recovering from substance abuse. In addition to sponsoring the program, the bank internally funded this subsidy, and when certain terms and conditions of the program were met, the

FHLB reimbursed the bank.

- A 35-unit apartment complex for homeless Native Americans with substance abuse problems who are in need of rehabilitation.

Appendix A: Scope of Examination

The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the metropolitan and non-metropolitan areas that received comprehensive examination review (designated by the term “full-scope”) and those that received a less comprehensive review (designated by the term “limited-scope”).

Time Period Reviewed	Lending Test (excludes CD Loans): 01/01/99 to 12/31/00 Investment and Service Tests and CD Loans: 02 /01/97 to 6/04/01	
Financial Institution	Products Reviewed	
Johnson Bank Arizona, N.A. (JBAZ) Phoenix, AZ	HMDA Small Business CD Loans Qualified Investments	
Affiliate(s)	Affiliate Relationship	Products Reviewed
List of Assessment Areas and Type of Examination		
Assessment Area	Type of Exam	Other Information
Phoenix-Mesa MSA #6200	Full-Scope	

Appendix B: Market Profiles for Full-Scope Areas

Phoenix-Mesa MSA

Demographic Information for Full-Scope Area: Phoenix-Mesa						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts/BNAs)	486	6%	25%	37%	31%	1%
Population by Geography	2,214,589	5%	26%	39%	29%	1%
Owner-Occupied Housing by Geography	533,713	3%	21%	42%	34%	0%
Businesses by Geography	98,727	6%	24%	36%	34%	0%
Farms by Geography	2,125	3%	23%	40%	34%	0%
Family Distribution by Income Level	576,573	20%	18%	23%	39%	0%
Distribution of Low- and Moderate-Income Families throughout AA Geographies	219,572	8%	38%	39%	15%	0%
Median Family Income = \$35,425 HUD Adjusted Median Family Income for 2001 = \$54,900 Households Below the Poverty Level = 11.28%				Median Housing Value = \$85,760 Unemployment Rate (March 31, 2001) = 3.1%		

(*) The NA category consists of geographies that have not been assigned an income classification.
Source: 1990 U.S. Census, and 2001 HUD updated MFI.

JBAZ operates in an urban area. The bank has designated a majority of the Phoenix-Mesa MSA as its assessment area. JBAZ excluded four census tracts, which are too distant for the bank to serve and are separated from the rest of the MSA by a mountain range. The assessment area consists of 486 census tracts and meets the legal requirements of the CRA.

The Phoenix-Mesa MSA is located in Maricopa County. Maricopa County is one of the largest counties in the country stretching 100 miles in diameter and covering a total of 9200 miles. As of December 1999, the population was estimated to be 2.8 million. The county is comprised of the city of Phoenix and several small cities such as Avondale, Buckeye, Chandler, Goodyear, Glendale, Mesa, Scottsdale, Tempe, and Wickenburg. In addition to the urban cities in the county, there is a large unincorporated area and several Indian reservations.

The area is in the midst of an economic growth period supported by thriving high tech, tourism, biomedical, and transportation industries. The 2001 HUD updated median family income is \$54,900. As of March 31, 2001, the county's unemployment rate was at 3.1 percent. The 1990 census data indicates a median housing price of \$85,760. However, various non-profit organizations indicated that since 1990, the average sales price has increased to \$160,000, placing home ownership out of the reach of most LMI families in the area.

Maricopa County is also in the midst of a change that dominates the financial scene in most Western states. In the past eight years there have been several large bank mergers, which has resulted in a lack of local decision-making ability. A common complaint in discussions with governmental and community representatives is that many of the decisions made, which range from loan approvals to branch closures, no longer reflect a sensitivity to the county or even the state.

The bank has a deposit market share of less than 1 percent. JBAZ faces stiff competition from larger financial institutions, which operate branches in the AA. These include Bank One Arizona, National Association with a 35 percent deposit market share; Bank of America, National Association with a 22 percent deposit market share; and Wells Fargo Bank, National Association with a 17 percent deposit market share.

Appendix C: Tables of Performance Data

Content of Standardized Tables

References to the “bank” include activities of any affiliates that the bank provided for consideration (refer to appendix A: Scope of the Examination). For purposes of reviewing the lending test tables, the following are applicable: purchased loans are treated as originations/purchases and market share is the number of loans originated and purchased by the bank as a percentage of the aggregate number of reportable loans originated and purchased by all lenders in the MSA/assessment area.

The following is a listing and brief description of the tables:

- Table 1. Lending Volume** - Presents the number and dollar amount of reportable loans originated and purchased by the bank over the evaluation period by MSA/assessment area.
- Table 2. Geographic Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of owner-occupied housing units throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 3. Geographic Distribution of Home Improvement Loans** - See Table 2.
- Table 4. Geographic Distribution of Refinance Loans** - See Table 2.
- Table 5. Geographic Distribution of Small Loans to Businesses** - The percentage distribution of the number of small loans (less than or equal to \$1 million) to businesses originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of businesses (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 6. Geographic Distribution of Small Loans to Farms** - The percentage distribution of the number of small loans (less than or equal to \$500,000) to farms originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies compared to the percentage distribution of farms (regardless of revenue size) throughout those geographies. The table also presents market share information based on the most recent aggregate market data available.
- Table 7. Borrower Distribution of Home Purchase Loans** - Compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage distribution of families by income level in each MSA/assessment area. The table also presents market share information based on the most recent aggregate market data available.
- Table 8. Borrower Distribution of Home Improvement Loans** - See Table 7.

- Table 9. Borrower Distribution of Refinance Loans** - See Table 7.
- Table 10. Borrower Distribution of Small Loans to Businesses** - Compares the percentage distribution of the number of small loans (less than or equal to \$1 million) originated and purchased by the bank to businesses with revenues of \$1 million or less to the percentage distribution of businesses with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the business. Market share information is presented based on the most recent aggregate market data available.
- Table 11. Borrower Distribution of Small Loans to Farms** - Compares the percentage distribution of the number of small loans (less than or equal to \$500,000) originated and purchased by the bank to farms with revenues of \$1 million or less to the percentage distribution of farms with revenues of \$1 million or less. In addition, the table presents the percentage distribution of the number of loans originated and purchased by the bank by loan size, regardless of the revenue size of the farm. Market share information is presented based on the most recent aggregate market data available.
- Table 12. Qualified Investments** - Presents the number and dollar amount of qualified investments made by the bank in each MSA/AA. The table separately presents investments made during prior evaluation periods that are still outstanding and investments made during the current evaluation period. Prior-period investments are reflected at their book value as of the end of the evaluation period. Current period investments are reflected at their original investment amount even if that amount is greater than the current book value of the investment. The table also presents the number and dollar amount of unfunded qualified investment commitments. In order to be included, an unfunded commitment must be legally binding and tracked and recorded by the bank's financial reporting system.
- Table 13. Distribution of Branch Delivery System and Branch Openings/Closings** - Compares the percentage distribution of the number of the bank's branches in low-, moderate-, middle-, and upper-income geographies to the percentage of the population within each geography in each MSA/AA. The table also presents data on branch openings and closings in each MSA/AA.
- Table 14. Geographic and Borrower Distribution of Consumer Loans (OPTIONAL)** - For geographic distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank in low-, moderate-, middle-, and upper-income geographies to the percentage distribution of households within each geography. For borrower distribution, the table compares the percentage distribution of the number of loans originated and purchased by the bank to low-, moderate-, middle-, and upper-income borrowers to the percentage of households by income level in each MSA/assessment area.

Table 1. Lending Volume

LENDING VOLUME		State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000						
MSA/Assessment Area:	% of Rated Area Loans (#) in MSA/AA*	Home Mortgage		Small Loans to Businesses		Small Loans to Farms		Community Development Loans**		Total Reported Loans		% of Rated Area Deposits in MSA/AA ***
		#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	
Full-Review:												
Phoenix-Mesa AA	100%	81	\$14,285	260	\$51,114	0	\$0	7	\$1,443	348	\$66,842	100%

(*) Rated area refers to either the state or multistate MSA rating area.
 (**) The evaluation period for Community Development Loans is February 1, 1997 to June 4, 2001.
 (***) Deposit data as of 6/30/00. Rated area refers to either the state or multistate MSA rating area.

Table 2. Geographic Distribution of Home Purchase Loans

Geographic Distribution: HOME PURCHASE		State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000									
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
Phoenix-Mesa AA	63	100%	3%	17%	21%	27%	42%	21%	34%	35%	0.0	0.1	0.1	0.0	0.0

(*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.
 (**) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.
 (***) Based on 1999 Aggregate HMDA Data only.

Table 3. Geographic Distribution of Home Improvement Loans

Geographic Distribution: HOME IMPROVEMENT			State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000								
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
Phoenix-Mesa AA	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(**) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(***) Based on 1999 Aggregate HMDA Data only.

Table 4. Geographic Distribution of Home Mortgage Refinance Loans

Geographic Distribution: HOME MORTGAGE REFINANCE			State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000								
MSA/Assessment Area:	Total Home Refinance Loans		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	% Owner OCC Units**	% BANK Loans	Over all	Low	Mod	Mid	Upp
Full-Review:															
Phoenix-Mesa AA	13	100%	3%	0%	21%	0%	42%	15%	34%	85%	0.0	0.0	0.0	0.0	0.0

(*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.

(**) Percentage of Owner-Occupied Units is the number of owner-occupied housing units in a particular geography divided by the number of owner-occupied housing units in the area based on 1990 Census information.

(***) Based on 1999 Aggregate HMDA Data only.

Table 5. Geographic Distribution of Small Loans to Businesses

Geographic Distribution: SMALL LOANS TO BUSINESSES			State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000								
MSA/Assessment Area:	Total Small Loans To Businesses		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	% of Businesses**	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full-Review:															
Phoenix-Mesa AA	260	100%	6%	24%	24%	21%	36%	24%	34%	31%	.51	2.72	.56	.37	.40

(*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.

(**) Source of Data-Dunn and Bradstreet.

(***) Based on 1999 Aggregate Small Business Data only.

Table 6. Geographic Distribution of Small Loans to Farms

Geographic Distribution: SMALL LOANS TO FARMS			State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000								
MSA/Assessment Area:	Total Small Loans To Farms		Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies		Market Share (%) by Geography ***				
	#	% of Total*	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	% of Farms**	% BANK Loans	Overall	Low	Mod	Mid	Upp
Full-Review:															
Phoenix-Mesa AA	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.

(**) Source of Data-Dunn and Bradstreet.

(***) Based on 1999 Aggregate Small Farm Data only.

Table 7. Borrower Distribution of Home Purchase Loans

Borrower Distribution: HOME PURCHASE			State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000								
MSA/Assessment Area:	Total Home Purchase Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income***				
	#	% of Total*	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	Over all	Low	Mod	Mid	Upp
Full-Review:															
Phoenix-Mesa AA	63	100	20%	21%	18%	30%	23%	13%	39%	27%	0.0	0.0	0.0	0.0	0.0

(*) Home purchase loans originated and purchased in the MSA/AA as a percentage of all home purchase loans originated and purchased in the rated area.

(**) Percentage of Families is based on 1990 Census information.

(***) Based on 1999 Aggregate HMDA Data only.

Table 8. Borrower Distribution of Home Improvement Loans

Borrower Distribution: HOME IMPROVEMENT			State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000								
MSA/Assessment Area:	Total Home Improvement Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	Over all	Low	Mod	Mid	Upp
Full-Review:															
Phoenix-Mesa AA	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(*) Home improvement loans originated and purchased in the MSA/AA as a percentage of all home improvement loans originated and purchased in the rated area.

(**) Percentage of Families is based on 1990 Census information.

(***) As a percentage of loans with borrower income information available.

(****) Based on 1999 Aggregate HMDA Data only.

Table 9. Borrower Distribution of Home Mortgage Refinance Loans

Borrower Distribution: HOME MORTGAGE REFINANCE			State: Arizona				Evaluation Period: January 1, 1999 to December 31, 2000								
MSA/Assessment Area:	Total Home Mortgage Refinance Loans		Low-Income Borrowers		Moderate-Income Borrowers		Middle-Income Borrowers		Upper-Income Borrowers		Market Share (%) by Borrower Income****				
	#	% of Total*	% of Families**	% BANK Loans***	% of Families**	% BANK Loans**	% of Families**	% BANK Loans***	% of Families**	% BANK Loans***	Over all	Low	Mod	Mid	Upp
Full-Review:															
	13	100%	20%	8%	18%	8%	23%	8%	39%	62%	0.0	0.0	0.0	0.0	0.0

(*) Home mortgage refinance loans originated and purchased in the MSA/AA as a percentage of all home mortgage refinance loans originated and purchased in the rated area.
 (**) Percentage of Families is based on 1990 Census information.
 (***) As a percentage of loans with borrower income information available. No information was available for 14% of loans originated and purchased by the bank.
 (****) Based on 1999 Aggregate HMDA Data only.

Table 10. Borrower Distribution of Small Loans to Businesses

Borrower Distribution: SMALL LOANS TO BUSINESSES			State: Arizona		Evaluation Period: January 1, 1999 to December 31, 2000				
	Total Small Loans to Businesses		Businesses with Revenues of \$1 million or less		Loans by Original Amount Regardless of Business Size			Market Share****	
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Phoenix-Mesa AA	260	100%	85%	38%	53%	24%	23%	.51	.42

(*) Small loans to businesses originated and purchased in the MSA/AA as a percentage of all small loans to businesses originated and purchased in the rated area.
 (**) Businesses with revenues of \$1 million or less as a percentage of all businesses.
 (***) Small loans to businesses with revenues of \$1 million or less as a percentage of all loans reported as small loans to businesses.
 (****) Based on 1999 Aggregate Small Business Data only.

Table 11. Borrower Distribution of Small Loans to Farms

Borrower Distribution: SMALL LOANS TO FARMS State: Arizona Evaluation Period: January 1, 1999 to December 31, 2000									
	Total Small Loans to Farms		Farms with Revenues of \$1 million or less		Loans by Original Amount Regardless of Farm Size			Market Share****	
	#	% of Total*	% of Businesses**	% BANK Loans***	\$100,000 or Less	>\$100,000 to \$250,000	>\$250,000 to \$1,000,000	All	Rev \$1 million or less
Full-Review:									
Phoenix-Mesa AA	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(*) Small loans to farms originated and purchased in the MSA/AA as a percentage of all small loans to farms originated and purchased in the rated area.
 (**) Farms with revenues of \$1 million or less as a percentage of all businesses.
 (***) Small loans to farms with revenues of \$1 million or less as a percentage of all loans reported as small loans to farms.
 (****) Based on 1999 Aggregate Small Farm Data only.

Table 12. Qualified Investments

QUALIFIED INVESTMENTS State: Arizona Evaluation Period: February 1, 1997 to June 4, 2001									
MA/Assessment Areas:	Prior Period Investments*		Current Period Investments		Total Investments			Unfunded Commitments**	
	#	\$ (000's)	#	\$ (000's)	#	\$ (000's)	% of Total \$'s	#	\$ (000's)
Full-Review:									
Phoenix- Mesa AA	1	\$50	10	\$1,677	11	\$1,727	100%	2	\$287

(*) "Prior Period Investments" means investments made in a previous evaluation period that are outstanding as of the examination date.
 (**) "Unfunded Commitments" means legally binding investment commitments that are tracked and recorded by the bank's financial reporting system.

Table 13. Distribution of Branch Delivery System and Branch Openings/Closings

DISTRIBUTION OF BRANCH DELIVERY SYSTEM AND BRANCH OPENINGS/CLOSINGS														State: Arizona		Evaluation Period: February 1, 1997 to			
																June 4, 2001			
MSA/Assessment Area:	Deposits	Branches						Branch Openings/Closings						Population					
	% of Rated Area Deposits in MSA/AA	# of BANK Branches	% of Rated Area Branches in MSA/AA	Location of Branches by Income of Geographies				# of Branch Closings	# of Branch Openings	Net Change in Location of Branches (+ or -)				% of the Population within Each Geography*					
				Low	Mod	Mid	Upp			Low	Mod	Mid	Upp	Low	Mod	Mid	Upp		
Full-Review:																			
Phoenix-MSA AA	100%	4	100%			50%	50%	0	2			+		5%	26%	39%	29%		

*1% of the population resides in geographies that have not been assigned an income classification.

